

HOUSE BILL No. 2067

DIGEST OF INTRODUCED BILL

Citations Affected: IC 26-2-8.

Synopsis: Continuity of contract. Provides for the conversion from an individual European Union member nation's currency to the euro in contracts and commercial contracts. Provides protection for contracts based on currencies replaced by the euro. Allows parties to enter into alternate agreements to convert to the euro. Makes certain other changes.

Effective: Upon passage.

Bosma, Dobis

January 27, 1999, read first time and referred to Committee on Commerce and Economic Development.



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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 2067

A BILL FOR AN ACT to amend the Indiana Code concerning commercial law.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 26-2-8 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
3 PASSAGE]:

4 **Chapter 8. Euro Conversion**

5 **Sec. 1. This chapter applies to all contracts, including**
6 **commercial contracts governed by any Indiana law, and is not**
7 **displaced by the provisions of any other Indiana law.**

8 **Sec. 2. As used in this chapter, "euro" means the single currency**
9 **adopted by participating member states of the European Union**
10 **under the Treaty on European Union of February 7, 1992.**

11 **Sec. 3. As used in this chapter, "introduction of the euro"**
12 **includes the periodic implementation of the Economic and**
13 **Monetary Union in member states of the European Union under**
14 **the Treaty on European Union of February 7, 1992.**

15 **Sec. 4. As used in this chapter, "ECU" or "European Currency**
16 **Unit" means the currency basket that is periodically used as the**
17 **unit of account of the European Community (as defined in**



European Council Regulation No. 3320/94).

Sec. 5. (a) If a subject or medium of payment of a contract, a security, or an instrument is a currency that has been substituted or replaced by the euro, the euro is a commercially reasonable substitute and substantial equivalent that may be:

- (1) used in determining the value of that currency; or
- (2) tendered, in each case at the conversion rate specified in, and otherwise calculated in accordance with, the regulations adopted by the Council of the European Union.

(b) If a subject or medium of payment of a contract, a security, or an instrument is the ECU, the euro is a commercially reasonable substitute and substantial equivalent that may be:

- (1) used in determining the value of the ECU; or
- (2) tendered, in each case at the conversion rate specified in, and otherwise calculated in accordance with, the regulations adopted by the Council of the European Union.

(c) Performance of an obligation described in subsection (a) or (b) may be made in:

- (1) the currency or currencies originally designated in the contract, security, or instrument (if that currency or those currencies remain legal tender); or
- (2) the euro.

(d) Performance of an obligation described in subsection (a) or (b) may not be made in a currency other than a currency described in subsection (b) or (c), regardless of whether the other currency:

- (1) has been substituted or replaced by the euro; or
- (2) is a currency that is considered a denomination of the euro and has a fixed conversion rate with respect to the euro.

Sec. 6. The following do not have the effect of discharging or excusing performance under a contract, a security, or an instrument and do not give a party the right unilaterally to alter or terminate a contract, a security, or an instrument:

- (1) The introduction of the euro.
- (2) The tendering of euros in connection with an obligation in compliance with section 5(a) or 5(b) of this chapter.
- (3) Determining the value of an obligation in compliance with section 5(a) or 5(b) of this chapter.
- (4) Calculating or determining the subject or medium of payment of a contract, a security, or an instrument with reference to a substituted or replaced interest rate or other basis that is deemed a commercially reasonable substitute and substantial equivalent under section 5 of this chapter.



1 **Sec. 7. This chapter is subject to any agreement that parties to**
2 **a contract execute with specific reference to the introduction of the**
3 **euro.**

4 **Sec. 8. (a) On the date the euro becomes the monetary unit of**
5 **participating member states of the European Union, a reference to**
6 **the ECU in a contract, security, or instrument that also refers to**
7 **the definition of the ECU in section 4 of this chapter must be**
8 **replaced with a reference to the euro at a rate of one (1) euro to**
9 **one (1) ECU.**

10 **(b) A reference to ECU in a contract, a security, or an**
11 **instrument without defining ECU creates a presumption,**
12 **rebuttable by a showing of the contrary intention of the parties,**
13 **that it is a reference to the currency basket that is periodically used**
14 **as the unit of account of the European Community.**

15 **SECTION 2. An emergency is declared for this act.**

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